

Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

MC-02 ACDA-05 IO-10 /073 R

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APPROVED BY AF/S:AARENALES

PM/MC BFEMMINELLA

----- 075250

R 162332Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

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E.O. 11652: N/A

TAGS: ESTC, SF

SUBJECT: ARMS EMBARGO: TELEDYNE ENGINES

REF: A. PRETORIA 1758, B. PRETORIA 1422, C. STATE 89738

CAPE TOWN FOR EMBASSY

1. FOR INFORMATION OF ADDRESSEES, FOLLOWING DEVELOPMENTS
HAVE OCCURRED IN TELEDYNE CASE SINCE REFTEL C.

2. IN LATE APRIL DEPARTMENT WAS INFORMED THAT BOTH TELE-
DYNE AND VETSAK WERE UNHAPPY WITH OUR APRIL 18 DECISION
TO LICENSE SALE OF ONLY THREE ENGINES AND TO GIVE ORAL
ASSURANCES THAT REMAINING 297 ENGINES WOULD BE LICENSED
PROVIDED CERTAIN CONDITIONS WERE MET (REFTEL C). ACCORD-
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ING TO TELEDYNE, VETSAK EXPRESSED CONCERN THAT THE NEW U.S.

ADMINISTRATION TO BE ELECTED IN 1976 MIGHT NOT HONOR THESE ASSURANCES. VETSAK THREATENED TO CALL OFF DEAL IF TELEDYNE DID NOT SECURE A LICENSE FOR ALL 300 ENGINES BY MAY 19. TELEDYNE ARGUED IN TURN THAT IT WAS TOO EXPENSIVE TO TOOL

UP TO "CIVILIANIZE" THE ENGINES ON THE BASIS OF A FIRM ORDER FOR ONLY THREE ENGINES.

3. AT REQUEST OF CONGRESSMAN VANDER JAGT (R.MICH.), ASSISTANT SECRETARY DAVIS MET WITH HIM AND TELEDYNE PRESIDENT ON MAY 2 TO DISCUSS CASE (MEMCON BEING POUCHED). SEEKING RESOLVE DEADLOCK TELEDYNE SUGGESTED DEPARTMENT LICENSE ALL 300 ENGINES, BUT THAT LICENSE STIPULATE THAT THREE ENGINES WERE AUTHORIZED FOR EXPORT WITHIN THREE MONTHS OF THE DATE OF THE LICENSE TO PERMIT THE DEVELOPMENT OF A PROTOTYPE VEHICLE. BEGINNING IN THE TENTH MONTH, A SPECIFIC NUMBER OF ENGINES (VARYING FROM 10 TO 27) WOULD BE AUTHORIZED FOR EXPORT FOR EACH OF THE NEXT 14 MONTHS, PROVIDING THE PROTOTYPE VEHICLE PROVED TO BE OPERATIONAL TO SATISFACTION OF USG AND VETSAK WENT INTO COMMERCIAL PRODUCTION. WE ACCEPTED THIS PROPOSAL BECAUSE IT ENSURED INCREMENTAL EXPORT OF THE ENGINES AND GUARANTEED OUR ABILITY TO TERMINATE EXPORTS ANY TIME THAT WE MIGHT DETERMINE ENGINES WERE BEING DIVERTED TO MILITARY USES. A LICENSE FOR 300 ENGINES WITH LIMITATIONS AND PROVISOS WAS ISSUED ON MAY 6 (COPY OF LICENSE BEING POUCHED PRETORIA). TELEDYNE'S WASHINGTON OFFICE INFORMED US MAY 15 THAT VETSAK CONSIDERS THIS NEW LICENSE SATISFACTORY. KISSINGER

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